

Message Text

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ACTION EB-08

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E.O. 11652: N/A
TAGS: EPAP, ETRD, ISO, EAGR
SUBJECT: SUGAR -- ENTRY INTO FORCE OF STOCK FINANCING
FUND PROVISIONS OF THE AGREEMENT

REF: LONDON 6918

1. AS REPORTED IN SEPTEL, THE NEXT MEETING OF THE STOCK FUND FINANCING COMMITTEE OF THE INTERNATIONAL SUGAR ORGANIZATION WILL BE HELD ON FRIDAY, MAY 12. THE MEETING OSTENSIBLY IS A ROUTINE ONE, CALLED TO ENABLE EXECUTIVE DIRECTOR JONES-PARRY TO REPORT ON THE PROGRESS (OR LACK THEREOF) IN NAMING AGENTS IN MEMBER COUNTRIES FOR THE PURPOSE OF DISBURSING SUGAR FINANCING FUND STAMPS. NEVERTHELESS, CONSIDERABLE ATTENTION WILL BE FOCUSED UPON THE USREP AT THE MEETING IN AN EFFORT TO GAIN SOME INDICATION OF LIKELIHOOD THAT THE UNITED STATES WILL BE ABLE TO RATIFY, SECURE IMPLEMENTING LEGISLATION AND PUT IN PLACE THE MACHINERY NEEDED TO START THE FUND SYSTEM BY JULY 1, AS ENVISAGED IN THE AGREEMENT. THIS CABLE PROVIDES A STATUS REPORT ON FUND MATTERS AS OF MAY 5.

2. APPOINTMENT OF FUND MANAGER. REASONABLE PROGRESS HAS

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BEEN MADE TOWARD SELECTING A FUND MANAGER, WITH THE LIST OF APPLICANTS PARED THIS WEEK TO FOUR, ONE EACH FROM THE U.S., CUBA, AUSTRALIA AND THE U.K. IT IS ANTICIPATED THAT ONE OF THESE WILL BE SELECTED BY PROCESS OF INFORMAL CONSULTATION, SO THAT FORMAL APPOINTMENT MIGHT BE MADE BY THE NEXT COUNCIL, ON MAY 19.

3. DESIGNATION OF AGENTS AND CERTIFYING AUTHORITIES. BY MEMO(78)28 OF FEBRUARY 8, 1978, THE EXECUTIVE DIRECTOR REQUESTED THAT MEMBERS PROVIDE THE ORGANIZATION BY APRIL 15 WITH (A) A LIST OF BODIES WHICH MIGHT BE USED AS AGENTS FOR DISTRIBUTION OF SUGAR STAMPS, AND (B) THE NAME OF THE MEMBER'S CERTIFYING AUTHORITY. BY MAY 5, AGENTS HAD NOT BEEN APPOINTED IN 28 COUNTRIES AND 29 COUNTRIES HAD FAILED TO NOTIFY THE EXECUTIVE DIRECTOR OF THEIR CERTIFYING AUTHORITIES. PROMINENT ON BOTH LISTS WERE THE UNITED STATES, BRAZIL, THE DOMINICAN REPUBLIC, INDIA AND THE U.S.S.R.

4. AT THE MAY 12 MEETING, JONES-PARRY IS EXPECTED TO CITE THE LONG LIST OF THOSE WHO HAVE NOT YET COMPLIED AS SYMPTOMATIC OF THE DIFFICULTY IN KICKING THE FUND OFF ON SCHEDULE. OF COURSE, THE PROBLEM IS MUCH DEEPER THAN WHETHER MEMBERS HAVE OR HAVE NOT COMPLIED WITH MEMO(78) 28. THE REAL QUESTION IS WHETHER MEMBERS WILL HAVE THE NECESSARY MACHINERY IN PLACE TO OPERATE THE SYSTEM. IN THIS REGARD, THERE ARE INDICATIONS THAT A NUMBER OF IMPORTING MEMBERS MAY HAVE DIFFICULTY MEETING THE JULY 1 DEADLINE, INCLUDING CANADA. ATTENTION, HOWEVER, HAS FOCUSED IN THE PRESS ON THE UNITED STATES AND THE CLIFF HANGING NATURE OF OUR RATIFICATION PROCESS. THERE ARE UNDOUBTEDLY MANY IMPORTERS FACING THE PROSPECT OF DIFFICULTIES JUST AS WE ARE, BUT THE U.S. IS CLEARLY THE LIMITED OFFICIAL USE

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MOST EXPOSED ON THE ISSUE, AND THE ONE EVERYBODY IS HIDING BEHIND.

5. IN THIS SITUATION, JONES-PARRY, WITH OUR ENCOURAGEMENT, CONTINUES TO EXPRESS OPTIMISM ABOUT THE ABILITY OF THE U.S. TO COMPLETE ITS PROCESSES ON TIME. NEVERTHELESS, HE IS LOOKING INTO THE LEGAL RAMIFICATIONS OF POSTPONING INITIATION OF THE SYSTEM. MORE RECENT PRESS STORIES HAVE TENDED TO TAKE A FAVORABLE VIEW OF THE CHANCES OF EARLY RATIFICATION, E.G., AN ITEM IN THE MAY 5 FINANCIAL TIMES QUOTED THE GENERAL MANAGER OF CSR THAT U.S. WOULD MOST LIKELY RATIFY ON TIME AND THAT THE PRICE WOULD RISE TO 11 CENTS BY YEAR'S END.

6. CONCERNING AN AGENT FOR THE ORGANIZATION WITHIN THE U.S., JONES-PARRY HAS NOW ASKED FOUR U.S. BANKS TO SUBMIT BIDS FOR THE AGENCY (LONDON 6547). BIDS SHOULD BE IN BY MAY 9. SO FAR, THREE HAVE ACKNOWLEDGED RECEIPT OF THE INVITATION TO BID -- EITHER FORMALLY BY LETTER OR INFORMALLY. THESE ARE BANKERS TRUST, CHEMICAL AND CHASE.

STREATOR

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